

Rainy day funds

Everyone talks about it. Everyone, everywhere is affected by it. But the weather has become big business only recently.

"Whether it's heat, precipitation or wind, weather really affects more companies than any product out there," says David Smith. "A degree or two could cost a firm billions of dollars each day."

Smith is the vice president of sales for Storm Exchange Inc., a New York-based company that helps corporations guard against weather-related risks through weather derivatives. Particularly useful in the energy sector, hedging against weather-related risks can save businesses money when a warm front during the winter, for example, means a profit loss because people aren't turning up the thermostat.

But Smith sees potential for weather derivatives in other areas like agriculture, construction and retail, and his job is to sell those sectors on this relatively new financial product.

He wasn't always weather-obsessed. Smith's first love was sports, and he came to UD ready

to earn a degree in sport management. But what happens off the field didn't hold his interest, so he switched to communication management and co-hosted a show on Flyer Radio.



After a couple jobs in marketing, he joined the Chicago Mercantile Exchange eager to learn how a local financial company was creating a trading environment that attracted global interest. His 2001 MBA led to a job as an alternative investments manager.

"I got placed on a niche product, weather derivatives, that many people saw only limited use for," he says. "But we learned what was successful from other new products at the CME and what wasn't, and we created one of the most successfully launched CME products in the last 10 years."

As the weather derivatives market took off, Smith, who calls himself a pseudo-meteorologist, moved to Storm Exchange Inc. so he could focus solely on the product he helped create. "I always thought of myself as a problem solver," he says. "This has been an opportunity for me to really grow — and weather the storm."

—Lauren Pauer